

# FY 2005-06 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - PENNGROVE

### A. Program Description

This budget finances the maintenance, construction, debt service, and administration of a collection system and pumping station which serves the Penngrove area. Raw sewage is pumped to the City of Petaluma for treatment and disposal. These services are provided by Petaluma pursuant to an agreement between the two entities. The City of Petaluma charges the Penngrove Sanitation Zone (SZ) for treatment on the basis of Equivalent Single Family Dwellings (ESDs).

### B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 04-05 Adopted	FY 05-06 Requested	Percent Change	FY 04-05 Adopted	FY 05-06 Requested	Percent Change
Operations	\$386,000	\$440,400	14.09%	\$66,376	\$95,530	43.92%
Bonds	8,425	7,977	(5.32%)	(7,100)	(7,373)	3.85%
Construction	740,000	108,000	(85.41%)	721,100	105,000	(85.44%)
<b>TOTAL:</b>	<b>\$1,134,425</b>	<b>\$556,377</b>	<b>(50.96%)</b>	<b>\$780,376</b>	<b>\$193,157</b>	<b>(75.25%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 03-04 Actual	FY 04-05 Budget Estimate	FY 04-05 Revised Estimate	FY 05-06 Projected	Change from FY 04-05 Budget Estimate
Total ESDs	479	501	495	497	(0.80%)
Total APNs	409	397	409	409	3.02%

### E. Summary of Issues and Significant Changes

Agency operations in the Penngrove Sanitation Zone (Penngrove SZ) are limited to administrative services and operation/maintenance of the collection system and pumping station. The wastewater collected by the Penngrove SZ collection system flows through the City of Petaluma's collection system to the Petaluma wastewater treatment plant. Wastewater generated by the Penngrove SZ and Petaluma is treated to meet secondary standards at the City of Petaluma's treatment plant.

Petaluma is expected to award a contract for the design, construction, and operation of a new wastewater treatment plant that meets advanced (tertiary) wastewater treatment standards in the near future. Cost estimates for this project are approximately \$60 to \$90 million depending on the treatment process selected and the level of reclamation undertaken. The project is expected to cause a significant increase in the annual service charge over the next several years. Proposed commercial sewer rate increases by the City of Petaluma are:

Calendar Year 2005 - 9.8%

Calendar Year 2006 - 7.9%

The proposed FY 05-06 annual sewer charges for Penngrove SZ is \$697 per equivalent single family dwelling, which represents a \$62 or 9.8% increase over FY 04-05. This increase is primarily attributable to the significant increases to the commercial sewer rate proposed by the City of Petaluma. It may be noted that future rate increases for Penngrove Sanitation may have to closely mirror the projected increases by the City of Petaluma.

Connection fees continue to be collected for the future expansion of the collection system and part of Penngrove's share of the cost to upgrade and expand the City of Petaluma's wastewater treatment and reclamation facilities.

The Penngrove SZ is currently collecting sufficient funds to operate and maintain its collection system. In addition to funds needed for the ongoing operations and maintenance expenses, funds are necessary for the replacement of the collection system.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

# FY 2005-06 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

**Section Title:** SANITATION ZONE - PENNGROVE - OPERATIONS

**Section/Index No:** 680108

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1001 Flat Charges - CY	\$306,794	\$332,650	\$25,856	8.43%
1061 Flat Charges - PY	2,500	2,500	0	0.00%
1120 Penalties/Costs on Taxes	250	250	0	0.00%
<b>Subtotal Taxes</b>	<b>\$309,544</b>	<b>\$335,400</b>	<b>\$25,856</b>	<b>8.35%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$5,000	\$2,500	(\$2,500)	(50.00%)
<b>Subtotal Use of Money</b>	<b>\$5,000</b>	<b>\$2,500</b>	<b>(\$2,500)</b>	<b>(50.00%)</b>
<b><u>CHARGES FOR SERVICES</u></b>				
3400 Sanitation Services	\$5,080	\$6,970	\$1,890	37.20%
<b>Subtotal Charges for Services</b>	<b>\$5,080</b>	<b>\$6,970</b>	<b>\$1,890</b>	<b>37.20%</b>
<b>TOTAL REVENUES</b>	<b>\$319,624</b>	<b>\$344,870</b>	<b>\$25,246</b>	<b>7.90%</b>

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$500	\$500	\$0	0.00%
6180 Maintenance - Bldgs / Impr	15,000	15,000	0	0.00%
6522 District Services	65,000	75,000	10,000	15.38%
6573 Administration Costs	2,500	2,900	400	16.00%
6610 Legal Services	2,000	2,000	0	0.00%
6630 Audit / Accounting Services	1,000	1,000	0	0.00%
7000 Special Departmental Exp	241,000	285,000	44,000	18.26%
7320 Utilities	9,000	9,000	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$336,000</b>	<b>\$390,400</b>	<b>\$54,400</b>	<b>16.19%</b>

**OTHER CHARGES**

7980 Depreciation	\$40,000	\$40,000	\$0	0.00%
<b>Subtotal Other Charges</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$0</b>	<b>0.00%</b>

**FY 2005-06 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Appropriations for Contingencies	\$10,000	\$10,000	\$0	0.00%
<b><i>Subtotal Appropriations for Contin.</i></b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$386,000</b>	<b>\$440,400</b>	<b>\$54,400</b>	<b>14.09%</b>
<b>TOTAL NET COST</b>				
<i>(Expenditures Minus Revenues)</i>	<b>\$66,376</b>	<b>\$95,530</b>	<b>\$29,154</b>	<b>43.92%</b>



**6040 Communications**

This account records expenses paid by the Zone for outside communication and wireless services.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the collection system. The requested amount will cover work such as repair or replacement of certain manholes and pumps, as well as reconfiguration of some of the collection system plumbing in order to handle increased flows coming into the pump station.

**6522 District Services**

This account records the cost of labor and overhead associated with operation and maintenance of the Zone's facilities and equipment, as well as other related service and supply type items. The requested amount will cover anticipated increased labor costs due to cost of living increases and organizational changes.

**6573 Administration Costs**

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

**6630 Audit / Accounting Services**

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

**7000 Special Departmental Expense**

The Penngrove Sanitation Zone does not have a sewer treatment plant. Rather, the Zone has an agreement with the City of Petaluma to accept and treat sewage. The amount requested for the forthcoming year reflects an increase from the current year budget consistent with planned rate increases by the City of Petaluma to fund the design and construction of a new treatment plant that meets advanced wastewater treatment (AWT) standards.

**7320 Utilities**

This account records the cost of payments made for utilities such as gas, electricity, and water.

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**Character Title: Other Financing Uses**

**Character No.: 680108-86**

***8625 OT - W/in Special Dist - BOS***

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program. No transfer will be made for FY 05-06.

**Character Title: Appropriations for Contingencies**

**Character No.: 680108-90**

***9000 Appropriations for Contingencies***

This account provides funding for unanticipated expenditures or revenue shortfalls.

# FY 2005-06 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

**Department:** Sonoma County Water Agency - Sanitation

**Section:** Sanitation Zone - Penngrove - Operations

**Index No.:** 680108

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance Available for Budgeting</b> (See Detailed Components Below)	<b>\$155,670</b>	<b>\$83,547</b>	<b>\$72,806</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	293,677	319,645	344,870
Expenditures - (Decrease) fund balance	(404,623)	(369,210)	(440,400)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	(110,946)	(49,565)	(95,530)
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 - Depreciation	38,823	38,824	40,000
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	38,823	38,824	40,000
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance Available for Budgeting</b>	<b>\$83,547</b>	<b>\$72,806</b>	<b>\$17,276</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$72,123)</b>	<b>(\$10,741)</b>	<b>(\$55,530)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/03</b>	<b>7/1/04</b>	
Cash	\$214,756	\$198,299	
Other Receivables	6,367	6,034	
Accounts Payable	(65,453)	(120,786)	
Encumbrances	-	-	
<b>Total Beginning Fund Balance</b>	<b>\$155,670</b>	<b>\$83,547</b>	



# FY 2005-06 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE - PENNGROVE - BONDS**  
 Section/Index No: **680207**

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1000 Prop Taxes - CY Secured	\$14,000	\$14,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	500	500	0	0.00%
1040 Prop Taxes - CY Unsecured	500	500	0	0.00%
1060 Prop Taxes - PY Secured	0	0	0	N/A
<b>Subtotal Taxes</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$0</b>	<b>0.00%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$175	\$0	(\$175)	(100.00%)
<b>Subtotal Use of Money</b>	<b>\$175</b>	<b>\$0</b>	<b>(\$175)</b>	<b>(100.00%)</b>
<b><u>INTERGOVERNMENTAL REVENUES</u></b>				
2440 St - HOPTR	\$350	\$350	\$0	0.00%
<b>Subtotal Intergovernmental Revenues</b>	<b>\$350</b>	<b>\$350</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL REVENUES</b>	<b>\$15,525</b>	<b>\$15,350</b>	<b>(\$175)</b>	<b>(1.13%)</b>
<b>EXPENDITURES:</b>				
<b><u>SERVICES AND SUPPLIES</u></b>				
6635 Fiscal Agent Fees	\$50	\$52	\$2	4.00%
<b>Subtotal Services and Supplies</b>	<b>\$50</b>	<b>\$52</b>	<b>\$2</b>	<b>4.00%</b>
<b><u>OTHER CHARGES</u></b>				
7920 Interest	\$8,375	\$7,925	(\$450)	(5.37%)
<b>Subtotal Other Charges</b>	<b>\$8,375</b>	<b>\$7,925</b>	<b>(\$450)</b>	<b>(5.37%)</b>
<b><u>ADMINISTRATIVE CONTROL ACCOUNT</u></b>				
9200 Ent - Principal	\$9,000	\$9,000	\$0	0.00%
9209 Ent - Principal Clearing	(9,000)	(9,000)	0	0.00%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL EXPENDITURES</b>	<b>\$8,425</b>	<b>\$7,977</b>	<b>(\$448)</b>	<b>(5.32%)</b>
<b>TOTAL NET COST</b> (Expenditures Minus Revenues)	<b>(\$7,100)</b>	<b>(\$7,373)</b>	<b>(\$273)</b>	<b>3.85%</b>

# FY 2005-06 BUDGET

## CHARACTER JUSTIFICATION

Department - Division: **Sonoma County Water Agency - Sanitation**  
Section Title: **Sanitation Zone - Penngrove - Bonds**

Character Title: **Taxes**

Character No.: **680207-10**

***1000 Prop Taxes - CY Secured***

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

***1020 Prop Taxes - CY Supplemental***

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

***1040 Prop Taxes - CY Unsecured***

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

***1060 Prop Taxes - PY Secured***

No amount is recommended since no revenue has been received in this account in recent years.

**Note:**

The FY 05-06 bond payment amount (principal and interest) is \$16,925. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained in this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: **Use of Money**

Character No.: **680207-17**

***1700 Interest on Pooled Cash***

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$0
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$0

**Character Title: Services and Supplies**

**Character No.: 680207-60**

**6635 Fiscal Agent Fees**

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

**Character Title: Other Charges**

**Character No.: 680207-75**

**7920 Interest**

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began March 1, 1978 and will continue semi-annually until September 1, 2017. The request for the forthcoming year is based on the bond amortization schedule prepared at the time the bonds were sold.

**Character Title: Administrative Control**

**Character No.: 680207-92**

**9200 Ent - Principal**

This account reflects the principal expense for general obligation bonds that were issued in 1977 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2017. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 03-04 Principal Payments:	(127,000)
FY 04-05 Principal Payment:	<u>(9,000)</u>
Outstanding Bond Amount	\$164,000

**9209 Ent - Principal Clearing**

This is the clearing account for sub-object 9200, Ent - Principal.

# FY 2005-06 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

**Department:** Sonoma County Water Agency - Sanitation  
**Section:** Sanitation Zone - Penngrove - Bonds  
**Index No.:** 680207

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>\$11,232</b>	<b>\$9,167</b>	<b>\$7,840</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	15,660	16,098	15,350
Expenditures - (Decrease) fund balance	(8,725)	(8,425)	(7,977)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	6,935	7,673	7,373
<b>Adjustments to Reserves/Encumbrances:</b>			
9200 - Enterprise Principal	(9,000)	(9,000)	(9,000)
Change in Matured Bonds Payable	-	-	-
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	(9,000)	(9,000)	(9,000)
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance</b>			
<b>Available for Budgeting</b>	<b>\$9,167</b>	<b>\$7,840</b>	<b>\$6,213</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$2,065)</b>	<b>(\$1,327)</b>	<b>(\$1,627)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/03</b>	<b>7/1/04</b>	
Cash	\$23,249	\$21,034	
Matured Bonds Payable	(9,000)	(9,000)	
Interest Payable	(3,017)	(2,867)	
<b>Total Beginning Fund Balance</b>	<b>\$11,232</b>	<b>\$9,167</b>	

# FY 2005-06 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE - PENNGROVE - CONSTRUCTION**  
 Section/Index No: **680306**

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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### REVENUES:

#### USE OF MONEY

1700 Interest on Pooled Cash	\$18,900	\$3,000	(\$15,900)	(84.13%)
<b>Subtotal Use of Money</b>	<b>\$18,900</b>	<b>\$3,000</b>	<b>(\$15,900)</b>	<b>(84.13%)</b>

#### OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b>Subtotal Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL REVENUES</b>	<b>\$18,900</b>	<b>\$3,000</b>	<b>(\$15,900)</b>	<b>(84.13%)</b>
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### EXPENDITURES:

#### FIXED ASSETS

8510 Buildings / Improvements	\$10,000	\$0	(\$10,000)	(100.00%)
9142 Capital Replacement Program	730,000	108,000	(622,000)	(85.21%)
<b>Subtotal Fixed Assets</b>	<b>\$740,000</b>	<b>\$108,000</b>	<b>(\$632,000)</b>	<b>(85.41%)</b>

<b>TOTAL EXPENDITURES</b>	<b>\$740,000</b>	<b>\$108,000</b>	<b>(\$632,000)</b>	<b>(85.41%)</b>
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<b>TOTAL NET COST</b> (Expenditures Minus Revenues)	<b>\$721,100</b>	<b>\$105,000</b>	<b>(\$616,100)</b>	<b>(85.44%)</b>
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## FY 2005-06 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation  
Section Title: Sanitation Zone - Penngrove - Construction

Character Title: Use of Money

Character No.: 680306-17

### ***1700 Interest on Pooled Cash***

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$120,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$3,000

Character Title: Other Financing Sources

Character No.: 680306-46

### ***4625 OT - W/in Special Dist - BOS***

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program. For FY 05-06 no transfer will be made.

Character Title: Fixed Assets

Character No.: 680306-85

### ***8510 Buildings / Improvements***

This account reflects funds for the treatment plant upgrade.

### ***9142 Capital Replacement Program***

The amount requested for the forthcoming year is intended to be used for the continual work on the "L" pipe.

# FY 2005-06 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

**Department:** Sonoma County Water Agency - Sanitation  
**Section:** Sanitation Zone - Penngrove - Construction  
**Index No.:** 680306

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>\$771,827</b>	<b>\$762,189</b>	<b>\$155,441</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	33,282	28,252	3,000
Expenditures - (Decrease) fund balance	(42,547)	(635,000)	(108,000)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	(9,265)	(606,748)	(105,000)
<b>Adjustments to Reserves/Encumbrances:</b>			
PY CIP Reclass	-	-	-
Post Audit Adjustment - Revenue	(373)		
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	(373)	-	-
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance</b>			
<b>Available for Budgeting</b>	<b>\$762,189</b>	<b>\$155,441</b>	<b>\$50,441</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$9,638)</b>	<b>(\$606,748)</b>	<b>(\$105,000)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/03</b>	<b>7/1/04</b>	
Cash	\$769,480	\$760,266	
Other Receivables	2,347	1,923	
<b>Total Beginning Fund Balance</b>	<b>\$771,827</b>	<b>\$762,189</b>	